# Filling in the Lines: Strengthening US Relations With Southeast Asia

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Thank you for this invitation to appear before the Subcommittee to discuss US policy in Southeast Asia in light of changing dynamics in the Asia-Pacific region. My views on this subject are informed by my work as Visiting Associate Professor in the Asian Studies Program and Director of Thai Studies at the Edmund A. Walsh School of Foreign Service, and as director of the Stanley Foundation's project on "New Power Dynamics in Southeast Asia." The opinions expressed in this statement are my own, and not those of the School of Foreign Service or The Stanley Foundation.

Power dynamics in the Asia-Pacific region are changing rapidly and Southeast Asia, as a crossroads region, is affected by these changes in every sector: political, economic, security, and social. Asians are attempting to capture and regulate these shifts in new regional groups, some of which do not have an explicit role for the United States. At the same time, there is considerable continuity and many of the fundamentals in US relations with Southeast Asia are undisturbed. The United States continues to play a critical role as guarantor of the region's security, and as a major economic market.

Equally important, Southeast Asians still look to the United States to play a leadership role, albeit one that recognizes other regional powers and acknowledges that Southeast Asians are moving toward more omni-directional foreign policies. The challenge for the United States is not to try to resurrect the *status quo ante* but to make adjustments in our own policies that incorporate, and even capitalize, on these changes. Put another way, we need to do a better job of going with the flow.

## Rising Powers

### China

The obvious (but not only) catalyst in this new dynamic for Southeast Asia is China's growing presence – in diplomatic, economic, cultural, educational and even demographic terms – in the region. There is little doubt that China has increased its influence in Southeast Asia in the past fifteen years, aided in no small part by the 1997-98 Asian economic crisis and persistent perceptions that the United States did not come to Southeast Asia's assistance at the time.

China appears to have a complex set of policy goals in Southeast Asia. Much of its trade and assistance is intended to increase access to the region's natural resources and markets to fuel domestic Chinese development, especially in the southern province of Yunnan, which borders Southeast Asia. But although China's intentions seem to be primarily commercial at this time, there are strong implications for security in its new economic push into Southeast Asia. For example, China's close political and economic relationship with Burma enables it to develop overland pipelines to transport oil and natural gas. This expanding pipeline system may in time offer China a serious alternative to volatile sea lanes for transportation of vital natural resources.

Recently, however, China has been more active in conventional regional security. The 2002 Memorandum with ASEAN on the South China Sea has helped to decrease tensions that arose in the mid-1990's over the Spratleys. A bolder move was China's role in adding the Defense Ministers Meeting to the annual ARF agenda. In these initiatives, China has taken care to stay below the US radar, but Beijing seems to envision a new, if restrained, security role for itself in Southeast Asia.

The attractions of a benign China for Southeast Asia are unmistakable: the size of the Chinese market; large aid packages for the poorer countries that come with few, if any strings; joint development efforts in contested islands of the Spratleys; frequent diplomatic missions from Beijing's "A Team"; and a potential counterweight to the demands of the West and institutions perceived to be in the Western camp (the IMF, the World Bank). At present, Beijing appears to be more willing to embrace Southeast Asia as a whole group – evidenced by the China-ASEAN Free Trade framework and the proliferation of looser arrangements in the works – than is the United States. Moreover, a closer relationship with China is seen as insurance against the policy swings and other distractions of the world's sole superpower. Beyond these narrow advantages, to the subregion that lies on its southern shores, the prospect of China as a peaceful partner is the greatest inducement of all for a closer relationship.

It would be inaccurate, however, to assume that Southeast Asians have entered this new era of relations with China without reservations or limits. The larger and more developed states, particularly those with close security ties to the United States, have built-in brakes. At bottom, analysts who maintain or fear that these states are willing to abandon a relationship with Washington for one with Beijing are missing the point. Many Southeast Asians do not view their relations with China and the United States as a zero-sum game.

However, there is some cause for concern with the poorer Southeast Asian countries – particularly Laos, Cambodia and Burma - that do not have the options the richer states do to balance regional powers. China gives these states special attention in the form of large-scale aid packages that focus on building infrastructure. This assistance is largely unconditional and contrasts favorably to US aid, which is smaller in scale and often encumbered (or withheld) by sanctions. China's growing dominance in these countries is exacerbated by US policy: Washington isolates Burma, ignores Laos and deals fitfully with Cambodia when political crises or human rights issues erupt. On a bilateral basis there may be justification for some of these policies; taken together, however, they help China to carve out a geographic sphere of influence on mainland Southeast Asia.

**Other Contenders**

Several other external powers seek to strengthen or reinvent their roles in Southeast Asia at this time. Japan, valued for decades for its large-scale aid and

investment and more recently for its "checkbook diplomacy," has intermittently attempted to spearhead regional initiatives since the 1997 crisis. These have met with varying degrees of success. Japan's proposal to form a common Asian currency stabilization fund in the wake of the 1997 crisis was not adopted, but a successor model – the Chiang Mai Initiative – was. The activation this month of the Asian agreement to combat maritime piracy, another Tokyo initiative, is a positive chapter in this new policy. Early indications from the Abe administration are that Japan will pay greater attention to its Asian friends and allies.

Indian is a relatively new entrant in the Southeast Asian power dynamic and popular estimations of its impact in the region are probably over-estimated at this time. New Delhi has taken a targeted approach to the region, concentrating on Burma (where Chinese influence in Southeast Asia is arguably greatest) and Vietnam, whose brisk economic growth rates make it an attractive trade partner. But although India shares a cultural heritage with much of Southeast Asia the historical pathways still run to China. Moreover, the assumption in some quarters of the American policy community that India will join the Western democracies in pressuring Asian authoritarian regimes, most notably Burma, to liberalize are unrealistic.

Australia and Russia are also tailoring their Asian policies to gain greater profile and leverage. Like Beijing, Tokyo and New Delhi, Canberra and Moscow were represented at the first East Asia Summit (EAS) meeting last December in Kuala Lumpur. Although the Howard government is close to the US administration, Canberra did sign the ASEAN Treaty of Amity and Cooperation (TAC), an EAS pre-requisite, despite reservations over its implied nuclear clause. Russia's political role in Southeast Asia is unclear at this time, but it is carving a niche for itself by offering mid-level arms that are less expensive than American military equipment to the region's defense establishments.

Much of this new activity by external powers is focused on Southeast Asia itself, because of its strategic position (particularly with the Straits of Malacca); its natural resources; and its aggregate market. As well, Asian leaders are aware that ASEAN is the gateway to the expansion of many regional frameworks in Asia. The ASEAN Regional Forum (ARF); ASEAN-Plus-Three (APT); and the East Asia Summit itself have ASEAN as their organizational center and all follow "The ASEAN Way" as a *modus operandi*.

## The US Response

For most of this decade US policy in Southeast Asia has had a strong focus on counter-terrorism, with both positive and negative factors. An Al-Qaeda presence in the region for two decades has helped to foster such affiliates as the Jemmah Islamiyah. The 1997 crisis, and the resulting political, economic and social instability, also provided Islamic extremists with new openings. On the positive side, Indonesia offers the example of a Muslim-majority democracy, and Malaysia has crafted a modern and moderate

Muslim state. The US was quick to declare Southeast Asia a "second front" against terrorism quickly after September 11, 2001.

While many Southeast Asian leaders and diplomats express approval that the region has returned to the US policy screen, they also maintain that an intense focus on Islamic radicalism and terrorism makes US policy in Southeast Asia myopic. Counter-terrorism has strengthened some bilateral Southeast Asian relations with the US and increased intra-regional cooperation in selected areas of law enforcement, but US policies after September 11 have also created problems for Southeast Asian leaders with their domestic populations. The war in Iraq caused a sharp downturn in public approval of the United States in Southeast Asia, tracked by numerous opinion surveys.

Ironically, at a time when the United States is paying greater attention to the region, it has encountered a serious problem with its image or, to use a popular term, "soft power." Reversing this trend requires balancing a focus on counter-terrorism with greater attention to other Southeast Asian concerns. It also requires acknowledging the growing global Muslim consciousness in Southeast Asia that makes US policy in other regions, particularly the Middle East, an immediate concern to Southeast Asians.

In this regard, the US concept of public diplomacy should be redirected, away from whirlwind trips by US officials and toward regular, long-term dialogues and public statements indicating that Southeast Asian views on US policy in the Muslim world are taken seriously. Investing in educational infrastructure in Southeast Asian Muslim communities will also provide exponential benefits, to the host community and to US relations with the host country. A solid educational assistance program in Indonesia, for example, is a far better public diplomacy tool than packaged public relations campaigns.

**Bilateral Policy Challenges**

Although many Southeast Asians complain that the United States prefers a bilateral policy approach to a multilateral one, this too is not a zero-sum matter. Strengthening US relations in the region will require both bilateral and multilateral efforts.

On the bilateral side, the United States must address two tasks in particular in the next few months: crafting a response to the dramatic political events in Thailand this week, and preparing for President Bush's trip to Vietnam in November. The first involves maintaining the fundamentals in a longstanding relationship with a treaty ally while also supporting its democratic development. The latter is a particular challenge, because the protracted political crisis that has played out in Thailand over much of this year does not lend itself to the Manichean, black-and-white interpretations that are often typical of US democracy promotion policies.

Arriving at an appropriate policy toward Thailand at this time provides an opportunity to examine, and update, US democracy promotion policy in other Southeast

Asian countries. It is important that we do so, to counter a growing perception that US policy seeks to impose a cookie cutter formula on other countries regardless of local history or conditions – an image of the United States that China implicitly nurtures in the region.

As Cambodia prepares for national elections in 2008, old coalitions are breaking down and new political alliances are forming. We cannot advocate for democracy effectively if we take an overly partisan approach to these changes, or the election in general.

Burma is without doubt the greatest challenge for democracy promotion in Southeast Asia, and possibly in the world. While there is little reason to believe that lifting sanctions on the regime would promote political liberalization at present, it is time to consider adding a cautious civil society approach to our policy. We might begin by removing some of the currency and licensing restrictions placed upon international non-governmental organizations providing humanitarian relief in the country. These INGO's are showcases for civil society, without which democratic space in Burma cannot develop. By hampering them, we are pushing our own goals farther from our grasp.

A second major task is that of advancing US-Vietnam relations, using the occasion of President Bush's visit to Hanoi. Some of this can be achieved simply by solidifying recent positives trends. We have seen tangible indications that Vietnam is prepared to address longstanding and sensitive issues in ways that are both practical and prompt. I participated in the first US-Vietnam track two dialogue on religious freedom earlier this year and was impressed by the openness with which our Vietnamese interlocutors approached the issue. A refugee relief organization in the United States recently asked the President of the US-ASEAN Business Council, a former US official involved in refugee policy, to help secure exit permits for a group of Montagnards. The Vietnamese central government moved quickly and approvals were granted in as little as ten days.

Reciprocating cooperation from Vietnam will yield policy dividends for the United States for years to come. The most important "deliverable" in the President's briefcase when he goes to Hanoi should obviously be Permanent Normal Trade Relations (PNTR) status for Vietnam. Hanoi is poised to enter the WTO and, technically, does not need PNTR to do that, but US-Vietnamese economic relations will suffer if PNTR is withheld after Vietnam's accession. Another tangible but far-reaching policy initiative is the introduction of the Peace Corps to Vietnam. The two governments have agreed on this in principle but still need to work out the modalities and the details of the first Peace Corps programs.

Last but by no means least, the United States needs to develop an appropriate and official response to the continuing impact of Agent Orange in Vietnam. US veterans organizations have built "Friendship Villages" to provide treatment to individuals, especially children, with disorders believed to be linked to dioxin exposure but much more needs to be done, and some tasks can more easily be accomplished by the US

Government than by American civil society. A logical first step in this process would be to offer technical and financial assistance to clean up "hot spots," areas around former US bases where Agent Orange was stored and where it continues to contaminate the soil and water.

**Strengthening US-ASEAN Relations**

In the past year, US policymakers have begun to respond to the need for a stronger multilateral approach to Southeast Asia through a series of modest initiatives, primarily with ASEAN. However, it is well-worn principle of government that initiatives are easier to launch than to see through to fulfillment. In this respect, the US should first focus on implementing these plans on the table – filling in the lines – before considering new policies. Failure to do so will risk criticism that the United States is interested only in "talk shops," a description that some US officials and analysts have used to describe ASEAN. The focus should not be on attempting to "catch up" with or overtake another power's policies in the region, but on fully realizing our own.

Some specific measures include:

1. *Operationalize the ASEAN-US Enhanced Partnership.* Getting the partnership out of the "vision" stage is critical. Educational exchange, technology transfer and cooperation in the energy sector are all good starting points.

2. *Similarly, move quickly on the US-ASEAN Trade and Investment Agreement (TIFA)* signed by the USTR last month. A US-ASEAN Free Trade Agreement, along the lines of the one signed by China and ASEAN, is not likely to be on the immediate horizon but the regional TIFA should push the edge of the envelope as much as possible. Two important features are the ASEAN Single Window, which will provide a common system for the entry of goods into the United States, and harmonized standards for pharmaceutical registrations and approvals.

3. *Advance bilateral Free Trade Agreement negotiations in Southeast Asia to the extent possible in the next several months.* In practical terms, since the political situation makes the fate of US-Thai FTA negotiations unclear, this boils down to negotiations with Malaysia.

4. *Give Laos an extra assist in its quest to join the World Trade Organization.*

5. *Support the entry of the remaining Southeast Asian economies into APEC when the moratorium on membership is lifted next year.* A larger issue is the need to reinvigorate APEC as a regional institution. Many Southeast Asians believe that APEC's original agenda of economic liberalization has been overtaken by other

regional institutions, but they still value APEC as a mechanism for regular engagement with the United States.

The policy measures above might be viewed as low-hanging fruit, easily within reach. Even so, pursuing them will be neither automatic nor easy. For example, in any attempt to strengthen relations with ASEAN, the United States will soon be on a collision course with itself, since a complete and genuine ASEAN initiative will by definition include Burma. There is no easy way out of that box, and the United States must weigh the costs and benefits of bilateral versus multilateral policy, and the value of democracy promotion versus regional relations.

Parallel to this first set of policy measures, US policymakers should open a dialogue within the broader US foreign policy community on signing the Treaty of Amity and Cooperation. For the past year, this has been a submarine issue, surfacing occasionally, only to sink out of sight. A decision on this issue will not come quickly, but frank and open discussion on it is appropriate at this stage in US relations with Southeast Asia.